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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

ROBERT KUB, individually and on
behalf of all others similarly situated,

Plaintiff,

vs.

CFLAB, LLC; and DOES 1-10,
Defendant(s).

) Case No. 2:23-cv-10404
)
)

CLASS ACTION COMPLAINT

1. Violations of the Electronic
Funds Transfer Act, 15 U.S.C.
§1693 *et seq.*

Plaintiff ROBERT KUB ("Plaintiff"), on behalf of himself and all others
similarly situated, alleges the following against Defendant CFLAB, LLC upon
information and belief based upon personal knowledge:

INTRODUCTION

1. Plaintiff's Class Action Complaint is brought pursuant to the

1 Electronic Funds Transfer Act, 15 U.S.C. 1693 et seq. (“EFTA”).

2 2. Plaintiff, individually, and on behalf of all others similarly situated,
3 brings this Complaint for damages, injunctive relief, and any other available legal
4 or equitable remedies, resulting from the illegal actions of Defendant debiting
5 Plaintiff’s and also the putative Class members’ bank accounts on a recurring basis
6 without obtaining a written authorization signed or similarly authenticated for
7 preauthorized electronic fund transfers from Plaintiff’s and also the putative Class
8 members’ accounts, thereby violating Section 907(a) of the EFTA, 15 U.S.C. §
9 1693e(a), and Section 205.10(b) of Regulation E, 12 C.F.R. § 205.10(b). Defendant
10 fails to clearly and conspicuously disclose the terms of its autorenewal and
11 additionally conditions its purchase on an illegal “negative option” as defined by
12 15 U.S.C. § 8403.

13 3. Plaintiff alleges as follows upon personal knowledge as to himself and
14 his own acts and experiences, and, as to all other matters, upon information and
15 belief, including investigation conducted by his attorneys.

16 **JURISDICTION AND VENUE**

17 4. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §
18 1331 because this matter arises under a federal statute, namely the Electronic Funds
19 Transfer Act, 15 U.S.C. § 1693, *et seq.*

20 5. Venue in this Court is proper pursuant to 28 U.S.C. § 1391(b)(1)
21 because Defendant is a resident of the State of California and resides within this
22 judicial district.

23 **PARTIES**

24 6. Plaintiff, ROBERT KUB (“Shaw”), is a natural person residing in the
25 state of Michigan, and is a “consumer” as defined by 15 U.S.C. §1693a(6).

26 7. At all relevant times herein, Defendant, CFLAB, LLC (“CF” or
27 “Defendant”), was a Delaware company with its principal place of business in Los
28

1 Angeles, California, engaged in the business of selling monthly subscription
2 services to its online platform where users may connect with potential start-up
3 business co-founders.

4 8. The above-named Defendants, and their subsidiaries and agents, are
5 collectively referred to as “Defendants.” The true names and capacities of the
6 Defendants sued herein as DOE DEFENDANTS 1 through 10, inclusive, are
7 currently unknown to Plaintiff, who therefore sues such Defendants by fictitious
8 names. Each of the Defendants designated herein as a DOE is legally responsible
9 for the unlawful acts alleged herein. Plaintiff will seek leave of Court to amend
10 the Complaint to reflect the true names and capacities of the DOE Defendants
11 when such identities become known.

12 9. Plaintiffs are informed and believe that at all relevant times, each and
13 every Defendant was acting as an agent and/or employee of each of the other
14 Defendants and was acting within the course and scope of said agency and/or
15 employment with the full knowledge and consent of each of the other Defendants.
16 Plaintiffs are informed and believe that each of the acts and/or omissions
17 complained of herein was made known to, and ratified by, each of the other
18 Defendants.
19

20 **GENERAL FACTUAL ALLEGATIONS**

21 10. Defendant CF is an online platform that allows its users to connect
22 with one another for the purpose of co-founding start-up companies. Its website is
23 CoFoundersLab.com.¹

24 11. Creating an account on Defendant CF’s website is free, however,
25 Defendant CF offers a number of paid subscription services to access “premium”
26 features of its website.
27

28

¹ <https://cofounderslab.com/>

1 12. One such subscription is for Defendant CF's "Launch" program.
2 Consumers may sign up for a 30-day free trial of the Launch program on Defendant
3 CF's website.

4 13. After that 30-day free trial expires, Defendant CF automatically
5 enrolls them in a subscription for the Launch program, and begins billing them at
6 a rate of \$89.00 per month.

7 14. However, Defendant fails to provide clear and conspicuous
8 disclosures mandated by California law, resulting in unauthorized charges for
9 Defendants' renewing Launch program subscription.

10 15. Many consumers report that they were enrolled and billed for
11 Defendant CF's Launch program, even though the consumers did not submit a
12 request to be enrolled. Additionally, many consumers also complain that Defendant
13 CF continued to bill them for the Launch program after they cancelled their
14 subscription.

15 16. For example, Defendant has a rating of 2.8/5 on Google², there are a
16 plethora of negative reviews, many of which relate to consumers unknowingly
17 being enrolled into Defendant's Launch program and being charged the
18 subscription fee without their authorization, and/or consumers' inability to timely
19 cancel their Membership:
20

21 **Joaquin Contreras (One Star):** I am being charged for
22 a service I do not use (nor have ever used) by this scam
23 of a company. They charge US \$89 for LAUNCH,
24 something I do not even have access to. Also, I cancelled
25 my su[b]scription and contacted support without luck. I
26 will have to block my credit card.³
27

28 ² See <https://www.google.com/search?q=co+founders+lab>

³ See <https://g.co/kgs/mCTo7d>

1 **Kate Verlaan (One Star):** What cofounders lab is doing
 2 is criminal. They were charging me \$89 a month every
 3 month and now they are charging me \$89 every TWO
 4 weeks! . . . I don't know how they sleep at night knowing
 they are stealing money from bootstrapping founders.⁴

5 **Adam A (One Star):** Absolute scam of a company.
 6 Charged my card for an additional year after the
 7 requested cancellation.⁵

8 **Jeff Bruce (One Star):** They have been charging me for
 9 months after I've canceled my subscription. Do not use
 this.⁶

10 17. The Federal Trade Commission ("FTC" or "Commission") issues
 11 their Policy Statement to provide guidance regarding its enforcement of various
 12 statutes and FTC regulations addressing negative option marketing and operating.
 13 Typically, negative option arrangements include, but are not limited to, automatic
 14 renewals, continuity plans, free-to-pay or fee-to-pay conversions, and
 15 prenotification plans. Automatic renewals allow sellers to unilaterally renew
 16 consumers' subscriptions when they expire, unless consumers affirmatively cancel
 17 their subscriptions by a certain date. Free trial marketing (e.g., free-to-pay
 18 conversions) provides consumers the opportunity to receive goods or services for
 19 free (or at a nominal fee) for a trial period.
 20

21 18. Over the years, unfair or deceptive negative option practices have
 22 remained a persistent source of consumer harm, often saddling shoppers with
 23 recurring payments for products and services they did not intend to purchase or did
 24 not want to continue to purchase. These matters involve a range of deceptive or
 25 unfair practices, including inadequate disclosures of hidden charges in ostensibly
 26

27 ⁴ See <https://g.co/kgs/eVNjTV>

28 ⁵ See <https://g.co/kgs/MhZea>

⁶ See <https://g.co/kgs/9tErHp>

1 “free” offers and other products or services, enrolment without consumer consent,
 2 and inadequate or overly burdensome cancellation and refund procedures. In its
 3 guidance and cases, the FTC has highlighted four basic Section 5 requirements that
 4 negative option marketing must follow to comply with Section:

5 (1) First, marketers must clearly and conspicuously disclose the material
 6 terms of a negative option offer including, at a minimum, key terms such
 7 as the existence of the negative option offer, the offer’s total cost, and
 8 how to cancel the offer;

9 (2) Second, sellers must disclose these material terms before consumers
 10 agree to the

11 Purchase;

12 (3) Third, marketers must obtain consumers’ express informed consent to
 13 such offers; and,

14 (4) Fourth, marketers must not erect unreasonable barriers to cancellation or
 15 impede the effective operation of promised cancellation procedures, and
 16 must honor cancellation requests that comply with such procedures.

17
 18 19. An example of Defendant CF’s violations of the EFTA can be
 19 illustrated by examining the sign-up page for consumers who sign up for Defendant
 20 CF’s Launch program.

21 20. The sign-up page, in small gray font, states ‘Today we’re giving you
 22 EXCLUSIVE access with a **FREE 30 day trial to Launch.**’ *See* Ex. 1 (emphasis
 23 in original). It also states that the Launch program includes a “bonus **FREE**
 24 **Premium Membership.**” *Id.*

25 21. Then, after this bolded text, again in small gray font, are the words
 26 “Thereafter join for our special introductory rate for only \$89 p/m. ***CANCEL**
 27 **ANYTIME***” *Id.*

1 31. Plaintiff signed up for this Launch program by using the sign-up page
2 described in ¶¶ 21–28, above, and depicted in Exhibit 1.

3 32. Defendant CF did not provide an acknowledgement that included the
4 automatic renewal or continuous service offer terms, cancellation policy, and
5 information regarding how to cancel in a manner that is capable of being retained
6 by the consumer.

7 33. At the time of signing up, Plaintiff was unaware that Defendant would
8 automatically enroll him in a monthly subscription of \$89 per month for its Launch
9 program.

10 34. Despite this, and without his knowledge, Defendant enrolled Plaintiff
11 in its Launch program with a subscription of \$89 per month.

12 35. Plaintiff first noticed this in April of 2023, when Defendant CF first
13 charged Plaintiff’s debit card the monthly subscription fee.

14 36. Plaintiff has attempted to cancel the Launch program membership
15 multiple times, including by email and by submitting a support ticket through
16 Defendant CF’s website, but Defendant CF has not honored those cancellation
17 requests.

18 37. As a result, Defendant CF continues to charge Plaintiff’s debit card
19 \$89 per month.

20 38. Defendant CF’s Launch program subscription offer is what is known
21 as a negative option by the FTC, which is defined as “an offer or agreement to sell
22 or provide any goods or services, a provision under which the customer's silence or
23 failure to take an affirmative action to reject goods or services or to cancel the
24 agreement is interpreted by the seller as acceptance of the offer.” 16 CFR § 310.2.

25 39. Pursuant to 15 U.S. Code § 8403, it is unlawful to charge or attempt
26 to charge any consumer for any goods or services sold in a transaction effected on
27 the Internet through a negative option feature unless the “text that clearly and
28

1 conspicuously discloses all material terms of the transaction before obtaining the
2 consumer's billing information," "obtains a consumer's express informed consent
3 before charging the consumer's credit card, debit card, bank account, or other
4 financial account for products or services through such transaction;" and "provides
5 simple mechanisms for a consumer to stop recurring charges from being placed on
6 the consumer's credit card, debit card, bank account, or other financial account."

7 40. Defendant CF's negative option sales scheme failed to satisfy all three
8 prongs, any of which is fatal and unlawful. The only text that disclosed any
9 material terms of the transaction was in significantly smaller text above the form
10 obtaining the consumer's billing information. Moreover, the button users must
11 press to actually sign up is in bright red and states "JOIN LAUNCH FREE."
12 Accordingly, Defendant CF failed to obtain a consumer's express informed consent
13 to make such charges. Further, Defendant CF has refused to honor cancellation
14 requests, and has not provided consumers with a simple mechanism for cancelling
15 their memberships.
16

17 41. Because Defendant CF failed to conspicuously disclose all material
18 terms, it also failed to obtain Plaintiff's express informed consent for the recurring
19 electronic fund transfers it thereafter made.

20 42. Further, Defendant CF did not provide to Plaintiff, nor did Plaintiff
21 execute, any written or electronic writing memorializing or authorizing these
22 recurring or automatic payments.

23 43. Plaintiff alleges such activity to be in violation of the Electronic Funds
24 Transfer Act, 15 U.S.C. 1693 et seq. ("EFTA"), and its surrounding regulations,
25 including, but not limited to, 12 C.F.R. §§1005.7, 1005.8, and 1005.9.

26 44. On information and belief, Plaintiff alleges that Defendant CF's policy
27 and practice is to engage in illegal and deceptive negative option sales to unfairly
28 surprise consumers with large recurring transactions as part of a "free trial" scam.

1 45. The material circumstances surrounding this experience by Plaintiff
2 were the same, or nearly the same, as the other class members Plaintiff proposes to
3 represent, and Plaintiff and all putative class members were required to pay, and
4 did pay, money for the services marketed and sold by Defendant.

5 **CLASS ACTION ALLEGATIONS**

6 46. Plaintiff brings this action on behalf of himself and all others similarly
7 situated, as members of the proposed class (the “Class”) defined as follows:

8 All persons in the United States whose bank accounts
9 were debited on a reoccurring basis by Defendant
10 without obtaining a written authorization signed or
11 similarly authenticated for preauthorized electronic fund
12 transfers within the one year prior to the filing of this
Complaint.

13 47. Plaintiff represents, and is a member of The Class, consisting of all
14 persons within the United States whose bank accounts were debited on a recurring
15 basis by Defendant without Defendant obtaining a written authorization signed or
16 similarly authenticated for preauthorized electronic fund transfers within the one
17 year prior to the filing of this Complaint.

18 48. Defendant, its employees and agents are excluded from The Class.
19 Plaintiff does not know the number of members in The Class, but believe the Class
20 members number in the thousands, if not more. Thus, this matter should be
21 certified as a Class Action to assist in the expeditious litigation of the matter.

22 49. The Class is so numerous that the individual joinder of all of its
23 members is impractical. While the exact number and identities of The Class
24 members are unknown to Plaintiff at this time and can only be ascertained through
25 appropriate discovery, Plaintiff is informed and believe and thereon allege that The
26 Class includes thousands of members. Plaintiff alleges that The Class members
27 may be ascertained by the records maintained by Defendant. Plaintiff and
28

1 Plaintiff's counsel will review such records in discovery to determine membership
2 in the Class.

3 50. There are questions of law and fact common to the Class affecting the
4 parties to be represented. The questions of law and fact to the Class predominate
5 over questions which may affect individual Class members and include, but are not
6 necessarily limited to, the following:

- 7 a. Whether the members of the Class were not provided with,
8 nor did they execute, written agreements memorializing the
9 automatic or recurring electronic payments.
10 b. Whether Defendant did not request, nor did it provide, Class
11 members with written agreements memorializing the
12 automatic or recurring electronic payments.
13 c. Whether the members of the Class did not provide either a
14 written ("wet") or otherwise electronic signature authorizing
15 the automatic or recurring electronic payments.
16 d. Whether, despite not providing written or electronic
17 authorization for payments to be drawn from their accounts,
18 Defendant took unauthorized payments from Class members'
19 accounts.
20

21 51. As a person whose bank account was debited on a reoccurring basis
22 by Defendant without Defendant obtaining a written authorization signed or
23 similarly authenticated for preauthorized electronic fund transfers, Plaintiff is
24 asserting claims that are typical of The Class.

25 52. Plaintiff will fairly and adequately protect the interests of the members
26 of The Class. Plaintiff has retained attorneys experienced in the prosecution of class
27 actions.
28

53. A class action is superior to other available methods of fair and

1 efficient adjudication of this controversy, since individual litigation of the claims
2 of all Class members is impracticable. Even if every Class member could afford
3 individual litigation, the court system could not. It would be unduly burdensome
4 to the courts in which individual litigation of numerous issues would proceed.
5 Individualized litigation would also present the potential for varying, inconsistent,
6 or contradictory judgments and would magnify the delay and expense to all parties
7 and to the court system resulting from multiple trials of the same complex factual
8 issues. By contrast, the conduct of this action as a class action presents fewer
9 management difficulties, conserves the resources of the parties and of the court
10 system, and protects the rights of each Class member.

11
12 54. The prosecution of separate actions by individual Class members
13 would create a risk of adjudications with respect to them that would, as a practical
14 matter, be dispositive of the interests of the other Class members not parties to such
15 adjudications or that would substantially impair or impede the ability of such non-
16 party Classes members to protect their interests.

17 55. Defendant has acted or refused to act in respects generally applicable
18 to The Class, thereby making appropriate final and injunctive relief with regard to
19 the members of the Class as a whole.

20 **COUNT I:**
21 **VIOLATION OF ELECTRONIC FUNDS TRANSFER ACT**
22 **ON BEHALF OF THE EFTA CLASS**

23 56. Plaintiff reincorporates by reference all of the preceding paragraphs.

24 57. Section 907(a) of the EFTA, 15 U.S.C. §1693e(a), provides that a
25 “preauthorized electronic fund transfer from a consumer’s account may be
26 authorized by the consumer only in writing, and a copy of such authorization shall
27 be provided to the consumer when made.”

28 58. Section 903(9) of the EFTA, 15 U.S.C. § 1693a(9), provides that the

1 term “preauthorized electronic fund transfer” means “an electronic fund transfer
2 authorized in advance to recur at substantially regular intervals.”

3 59. Section 205.10(b) of Regulation E, 12 C.F.R. § 205.10(b), provides that
4 “[p]reauthorized electronic fund transfers from a consumer’s account may be
5 authorized only by a writing signed or similarly authenticated by the consumer.
6 The person that obtains the authorization shall provide a copy to the consumer.”

7 60. Section 205.10(b) of the Federal Reserve Board's Official Staff
8 Commentary to Regulation E, 12 C.F.R. § 205.10(b), Supp. I, provides that “[t]he
9 authorization process should evidence the consumer’s identity and assent to the
10 authorization.” *Id.* at ¶10(b), comment 5. The Official Staff Commentary further
11 provides that “[a]n authorization is valid if it is readily identifiable as such and the
12 terms of the preauthorized transfer are clear and readily understandable.” *Id.* at
13 ¶10(b), comment 6.

14 61. Defendant CF debited Plaintiff’s and also the putative Class members’
15 bank accounts on a recurring basis without obtaining a written authorization signed
16 or similarly authenticated for preauthorized electronic fund transfers for the rates
17 charged from Plaintiff’s and also the putative Class members’ accounts, thereby
18 violating Section 907(a) of the EFTA, 15 U.S.C. § 1693e(a), and Section 205.10(b)
19 of Regulation E, 12 C.F.R. § 205.10(b).

20 62. Defendant CF has debited Plaintiff’s and also the putative Class
21 members’ bank accounts on a recurring basis without providing a copy of a written
22 authorization signed or similarly authenticated by Plaintiff or the putative Class
23 members for preauthorized electronic fund transfers, thereby violating Section
24 907(a) of the EFTA, 15 U.S.C. § 1693e(a), and Section 205.10(b) of Regulation E,
25 12 C.F.R. § 205.10(b).

26
27 **TRIAL BY JURY**

28 63. Pursuant to the seventh amendment to the Constitution of the United

1 States of America, Plaintiff is entitled to, and demands, a trial by jury.

2 **PRAYER FOR RELIEF**

3 WHEREFORE, Plaintiffs, ROBERT KUB individually, and on behalf of all
4 others similarly situated, respectfully requests judgment be entered against
5 Defendant, for the following:

- 6 a. That this action be certified as a class action on behalf of The Class
7 and Plaintiff be appointed as the representative of The Class;
8 b. Statutory damages of \$1,000.00, per Class Member, pursuant to
9 the Electronic Fund Transfer Act, §916(a)(2)(A);
10 c. Actual damages;
11 d. Restitution of the funds improperly obtained by Defendant;
12 e. Any and all statutory enhanced damages;
13 f. All reasonable and necessary attorneys' fees and costs provided by
14 statute, common law or the Court's inherent power;
15 g. For prejudgment interest at the legal rate; and
16 h. Any other relief this Honorable Court deems appropriate.
17


18
19 Respectfully submitted this 12th Day of December, 2023.

20
21 LAW OFFICES OF TODD M. FRIEDMAN, P.C.


22
23 By: /s/ Todd M. Friedman
24 Todd M. Friedman
25 Law Offices of Todd M. Friedman
26 Attorney for Plaintiff
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EXHIBIT 1



Alright! What's the dealio?



A Program Built For YOU!

Ok! We heard you! Following feedback from our CFL users, we've designed a dedicated program to take your business to new heights!

Join an incredibly community of those looking to start, grow and fund their business - Founders, Startups and Companies that are scaling and looking for funding.

Today, we're giving you **EXCLUSIVE** access with a **FREE 30 day trial to Launch!** Membership includes a bonus **FREE Premium Membership** alongside. Thereafter join for our special introductory rate for only \$89 p/m. ***CANCEL ANYTIME***

Is Accelerating your success worth it to avoid costly mistakes, and increase your probability of success?

Stay Accountable. Get EXPERT advice at the right time. Accelerate YOUR road to Success! LAUNCH!

START YOUR 30 DAY FREE TRIAL NOW

YOUR DEDICATED GROWTH PARTNER TO HELP YOU TAKE YOUR IDEA OR STARTUP TO THE NEXT LEVEL

Item	Price
<input checked="" type="radio"/> CoFoundersLab LAUNCH!	FREE 30 Days then \$89p/m

Email:

Credit Card Number:

Expiry *: CVC Code:

JOIN LAUNCH FREE

START YOUR FREE 30 DAY TRIAL INSTANTLY

